

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA

CHARLOTTE DIVISION

3:20-cv-00504-FDW-DSC

CPI SECURITY SYSTEMS, INC.,

Plaintiff and Counterclaim Defendant,

v.

VIVINT SMART HOME, INC. f/k/a MOSIAC

ACQUISITION CORP.; LEGACY

VIVINT SMART HOME, INC. f/k/a

VIVINT SMART HOME, INC.,

Defendants and Counterclaimants.

VIDEO CONFERENCE VIA ZOOM

30(b)6 DEPOSITION OF ERIC BRYAN SCHACHNER

September 24, 2021

9:56 a.m.

Charlotte, North Carolina

Job No. CS4821660

Reported by: Audra M. Smith, RPR, FCRR

Video by: Russ White

1 controversy, then you're not aware of any document
2 or information where that damage number was
3 attempted -- or anybody attempted to quantify that
4 damage number; fair enough?

5 MR. EBLEN: Object to form. Assumes a lot
6 of stuff.

7 BY MR. HERBERT:

8 Q Do you understand what I'm saying?

9 A Yeah. We didn't ask the expert -- we
10 asked the expert to specifically address what Vivint
11 did to CPI.

12 Q Okay. So let me back up and ask you, I
13 believe earlier you testified that -- or you said
14 that you didn't think the Black Lives Matter
15 controversy had an economic impact on CPI; is that
16 generally what you said?

17 MR. EBLEN: Object to form.

18 Mischaracterizes prior testimony.

19 BY MR. HERBERT:

20 Q That's right. I think what you're saying
21 is you don't believe that it damaged your brand; is
22 that fair?

23 A That's correct.

24 Q Okay. Do you know as you sit here today
25 how many CPI customer accounts that CPI lost with

1 talking about total RMR, you take the expected life
2 of that customer of some sort and then the cash
3 flows and discount those back to get a net present
4 value. That's how somebody would do it.

5 Q Okay. And do -- does CPI know what the
6 average RMR for those 23- to 2400 customers was?

7 MR. EBLEN: Object to form. You can
8 answer.

9 A I mean, it would be a guess. Probably
10 \$45. It's a guess, though. I mean, I won't know
11 every RMR for 23-, 2400. That's an average.

12 BY MR. HERBERT:

13 Q That's an average based on your
14 experience --

15 A No.

16 Q And is it -- is it fair or is it unfair to
17 say \$45 times, let's say, 2300, to be conservative,
18 would give you some estimation of the losses that --
19 the loss value of the accounts for which social
20 media was given as the reason?

21 MR. EBLEN: Object to form.

22 A I think I would agree, but I want to hear
23 formula one more time.

24 BY MR. HERBERT:

25 Q I'm just asking, if you took that \$45 RMR

1 number that you mentioned and multiplied that by the
2 number of accounts that were lost with the reason
3 given as social media, that would give you some
4 rough estimation of the losses -- loss value of
5 accounts where social media was given as a reason?

6 A Times some multiple, yes.

7 Q But there would be a lot of other factors
8 you'd have to take into consideration to get an
9 actual, reliable value, right?

10 A I mean, yeah. I mean, it's not -- there
11 are people that do it for a living, yes, that do
12 valuation of accounts.

13 But the simple math is the number of
14 accounts, times the rate, times the multiple.
15 That's pretty standard industry valuation.

16 Q And I'm sorry, and the multiple in that
17 case, in that scenario we discussed, would be 60?

18 A I mean, I think that's what CPI's worth is
19 60 times our RMR, yes.

20 Q Okay. So then roughly speaking, it would
21 be 60 times the 45, times the 2300 to be on the
22 conservative side?

23 A That's correct.

24 Q Let me ask you, we talked about goodwill.
25 I want to talk a little more specifically about

1 A Yes, sir.

2 BY MR. HERBERT:

3 Q All right. I don't know if I asked you
4 this. Did I ask you, do you know how much value or
5 revenue was lost as a result of the Bojangles
6 commercial account cancellations that did occur?

7 MR. EBLEN: Object to form. You can
8 answer.

9 A Yeah, it was roughly about 330 sites.

10 BY MR. HERBERT:

11 Q That were canceled or total --

12 A That were canceled, yes, that were
13 canceled.

14 Q All right. You're saying sites, you mean
15 stores, Bojangles stores or fast food restaurants?

16 A Yeah, the individual locations, yeah.

17 Q All right. And then, I guess, was their
18 corporate headquarters was also lost?

19 A You know, I think it was. It would be in
20 that 330, I'm pretty sure -- it would be in that
21 330, so total number of sites associated with
22 Bojangles corporate was 330. I think it was 330 or
23 roughly thereabouts.

24 Q Okay. Do you know what the monthly rate
25 of the RMR was for those 330 sites?

1 A I believe -- off the top of my head
2 roughly, I think \$57 a month. That was a monthly
3 rate.

4 Q All right. And let me ask you for
5 commercial accounts, the industry standard valuation
6 you talked about of the 60-month multiplier, did
7 that also apply to commercial accounts or do they
8 use a different multiplier?

9 MR. EBLEN: Object to form.

10 A When I use the 60, that's -- I use that --
11 it doesn't matter what type of account, residential
12 or commercial, 60 times.

13 BY MR. HERBERT:

14 Q So on average, that's the general average
15 industry standard?

16 A Yeah.

17 Q Okay. So then if -- and I think I did ask
18 you this, and you said no, but correct me if I'm
19 wrong, you or your department has not separately
20 calculated the total lost revenues from the
21 Bojangles cancellations that did occur, right?

22 MR. EBLEN: Object to form.

23 A Yes, we've not calculated that.

24 BY MR. HERBERT:

25 Q But if you wanted to try to determine